

Registration No.: 201301034348 (1064178-T)

**CG SALES NETWORK MALAYSIA SDN. BHD.**  
*(Formerly known as Crompton Greaves Sales Network Malaysia Sdn. Bhd.)*  
(Incorporated in Malaysia)

**DIRECTORS' REPORT AND  
AUDITED FINANCIAL STATEMENTS**  
for the year ended 31 March 2020

Registration No.: 201301034348 (1064178-T)

**CG SALES NETWORK MALAYSIA SDN. BHD.**

*(Formerly known as Crompton Greaves Sales Network Malaysia Sdn. Bhd.)*

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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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**CG SALES NETWORK MALAYSIA SDN. BHD.**

*(Formerly known as Crompton Greaves Sales Network Malaysia Sdn. Bhd.)*

***(Incorporated in Malaysia)***

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2020**

The directors hereby submit their report together with the audited financial statements of the Company for the year ended 31 March 2020.

**CHANGE OF NAME**

On 19 July 2019, the name of the Company was changed from Crompton Greaves Sales Network Malaysia Sdn. Bhd. to CG Sales Network Malaysia Sdn. Bhd.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are to service, maintain and supply of electrical and electronic products and systems. There have been no significant changes in the nature of the activities during the year.

**RESULTS**

	<b>RM</b>
Loss for the year	<u>347,109</u>

**DIVIDENDS**

No dividends have been paid or declared since the end of the previous financial year. The directors do not recommend that a dividend to be paid in respect of the current year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

**SHARES AND DEBENTURES**

The Company did not issue any new shares or debentures during the year.

**SHARE OPTIONS**

No options have been granted by the Company to any parties during the year to take up unissued shares of the Company.

No shares have been issued during the year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the year, there were no unissued shares of the Company under options.

## **DIRECTORS**

The directors of the Company in office at any time during the year and since the end of the year up to the date of this report are:

Amit Talwaria

Lee Huey Ping

Wong Mun Wai

Lloyd Joseph Gerard Lucas Pinto

Sanjeev Chadha

(Appointed on 8 January 2020)

(Resigned on 23 October 2019)

## **DIRECTORS' BENEFITS**

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## **DIRECTORS' INTERESTS**

None of the directors in office at the end of the year have interest in shares of the Company or its related corporations during the year ended 31 March 2020.

## **DIRECTORS' REMUNERATIONS**

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in notes to the financial statements.

The estimated money value of other benefits received or receivable by the directors otherwise in cash from the Company during the year is RM NIL (2019: RM NIL).

Total amount paid to or receivable by any third party in respect of the services provided to the Company by the directors or past directors of the Company during the year is RM NIL (2019: RM NIL).

## **INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS**

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

## **OTHER STATUTORY INFORMATION**

Before the financial statements of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

As of the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the year and secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Company for the year.

## **HOLDING COMPANY**

The Company is a wholly-owned subsidiary of CG International Holdings Singapore Pte. Ltd., a company incorporated in Republic of Singapore.

## **AUDITORS' REMUNERATIONS**

The auditors' remuneration are disclosed in notes to the financial statements.

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## AUDITORS

The retiring auditors, Messrs. CM Chin & Co, have indicated their willingness to be re-appointed.

Approved by the Board and signed on behalf of the Directors



Lloyd Joseph Gerard Lucas Pinto  
Director



Amit Talwaria  
Director

Puchong

Date:

15 JUN 2020

**CG SALES NETWORK MALAYSIA SDN. BHD.**

*(Formerly known as Crompton Greaves Sales Network Malaysia Sdn. Bhd.)*

***(Incorporated in Malaysia)***

**STATEMENT BY DIRECTORS**

**Pursuant to Section 251 (2) of the Companies Act, 2016**

The directors of CG Sales Network Malaysia Sdn. Bhd. *(formerly known as Crompton Greaves Sales Network Malaysia Sdn. Bhd.)* state that, in their opinion, the financial statements set out on pages 10 to 28 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and financial performance of the Company for the year ended 31 March 2020.

Approved by the Board and signed on behalf of the Directors



Lloyd Joseph Gerard Lucas Pinto  
Director



Amit Talwaria  
Director

Puchong

Date: 15 JUN 2020

Registration No.: 201301034348 (1064178-T)

**CG SALES NETWORK MALAYSIA SDN. BHD.**

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**STATUTORY DECLARATION**

**Pursuant to Section 251 (1) (b) of the Companies Act, 2016**

I, Amit Talwaria (Passport No: Z4678912), the Director primarily responsible for the financial management of CG Sales Network Malaysia Sdn. Bhd. *(formerly known as Crompton Greaves Sales Network Malaysia Sdn. Bhd.)*, do solemnly and sincerely declare that the financial statements set out on pages 10 to 28 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the above-named Amit Talwaria  
at Puchong in the State of  
Selangor Darul Ehsan on **15 JUN 2020**

)  
)  
)



AMIT TALWARIA  
DIRECTOR

Before me,



COMMISSIONER FOR OATHS No. C-2-45, IOI Boulevard  
Jalan Kenari 5  
Bandar Puchong Jaya  
47170 Puchong, Selangor



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CG SALES NETWORK MALAYSIA SDN. BHD. (Registration No.: 201301034348  
(1064178-T))**

*(Formerly known as Crompton Greaves Sales Network Malaysia Sdn. Bhd.)*  
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**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of CG SALES NETWORK MALAYSIA SDN. BHD. *(formerly known as Crompton Greaves Sales Network Malaysia Sdn. Bhd.)*, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 28.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence and Other Ethical Responsibilities**

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CG SALES NETWORK MALAYSIA SDN. BHD. (Registration No.: 201301034348  
(1064178-T)) (CONT'D)**  
*(Formerly known as Crompton Greaves Sales Network Malaysia Sdn. Bhd.)*  
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If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
CG SALES NETWORK MALAYSIA SDN. BHD. (Registration No.: 201301034348  
(1064178-T)) (CONT'D)**  
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



CM CHIN & CO  
AF 002013  
Chartered Accountants



CHIN CHEW MUN  
02957/06/2021 J  
Chartered Accountant

Puchong, Selangor Darul Ehsan

Date: 15 JUN 2020

**CG SALES NETWORK MALAYSIA SDN. BHD.**

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**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	Note	2020 RM	2019 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Deferred tax assets	4	<u>1,538</u>	<u>101</u>
<b>CURRENT ASSETS</b>			
Trade receivables	5	2,662,812	2,300,778
Other receivables, deposits and prepayment	6	1,513,043	112,389
Current tax assets		263,697	-
Cash and bank balances	7	<u>553,268</u>	<u>2,802,839</u>
		<u>4,992,820</u>	<u>5,216,006</u>
<b>TOTAL ASSETS</b>		<u><u>4,994,358</u></u>	<u><u>5,216,107</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	8	203,977	203,977
Retained earnings	9	<u>3,474,426</u>	<u>3,821,535</u>
<b>SHAREHOLDERS' EQUITY</b>		<u><u>3,678,403</u></u>	<u><u>4,025,512</u></u>
<b>CURRENT LIABILITIES</b>			
Trade payables	10	1,086,686	1,041,412
Other payables and accruals	11	229,269	58,330
Current tax liabilities		-	90,853
		<u>1,315,955</u>	<u>1,190,595</u>
<b>TOTAL LIABILITIES</b>		<u><u>1,315,955</u></u>	<u><u>1,190,595</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,994,358</u></u>	<u><u>5,216,107</u></u>

**CG SALES NETWORK MALAYSIA SDN. BHD.**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 RM	2019 RM
Revenue	12	5,356,329	10,382,684
Cost of sales		<u>(2,924,655)</u>	<u>(5,727,999)</u>
Gross profit		2,431,674	4,654,685
Other operating income		204,089	262,113
Administration expenses		<u>(2,932,803)</u>	<u>(2,435,421)</u>
(Loss)/profit before tax	13	(297,040)	2,481,377
Income tax expense	14	<u>(50,069)</u>	<u>(611,272)</u>
(Loss)/profit for the year		<u><u>(347,109)</u></u>	<u><u>1,870,105</u></u>

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	<b>Share capital RM</b>	<b>Retained earnings RM</b>	<b>Total RM</b>
At 1 April 2018	203,977	1,951,430	2,155,407
Profit for the year	-	1,870,105	1,870,105
At 31 March 2019	203,977	3,821,535	4,025,512
Loss for the year	-	(347,109)	(347,109)
At 31 March 2020	203,977	3,474,426	3,678,403

**CG SALES NETWORK MALAYSIA SDN. BHD.**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020**

	<b>2020 RM</b>	<b>2019 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before tax	(297,040)	2,481,377
Adjustments for:		
Allowance for doubtful debts	172,190	-
Bad debts written off	946	-
Write back of payables no longer required	-	(206,113)
Unrealised gain on foreign exchange	(139,178)	-
Interest income	(64,911)	-
Operating (loss)/ profit before working capital changes	(327,993)	2,275,264
Increase in receivables	(507,776)	(1,109,946)
Increase in loan to related company	(1,240,057)	-
Increase in payables	207,500	229,902
Cash (used in)/from operations	(1,868,326)	1,395,220
Tax paid	(524,224)	(400,000)
Tax refunded	118,168	8,796
Net cash (used in)/ from operating activities	(2,274,382)	1,004,016
Net (decrease)/increase in cash and cash equivalents	(2,274,382)	1,004,016
Effect of changes in exchange rates on cash and cash equivalents	24,811	-
Cash and cash equivalents at beginning of the year	2,802,839	1,798,823
Cash and cash equivalents at end of the year	553,268	2,802,839
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	553,268	2,802,839

**CG SALES NETWORK MALAYSIA SDN. BHD.**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**1 GENERAL INFORMATION**

The Company is a private limited company incorporated and domiciled in Malaysia.

On 19 July 2019, the name of the Company was changed from Crompton Greaves Sales Network Malaysia Sdn. Bhd. to CG Sales Network Malaysia Sdn. Bhd.

The registered office is located at UOA Business Park, Tower 3, 5<sup>th</sup> Floor, K03-05-13A, 1 Jalan Pengaturcara U1/51A, Section U1, 40150 Shah Alam, Selangor Darul Ehsan.

The principal place of business is located at Unit No B-1-21, Block B, Jalan Sungai Jernih, 8/1 Pusat Perniagaan, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are to service, maintain and supply of electrical and electronic products and systems. There have been no significant changes in the nature of the activities during the year.

The Company is a wholly-owned subsidiary of CG International Holdings Singapore Pte. Ltd., a company incorporated in Republic of Singapore.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

**2 SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act 2016.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities.

The principal accounting policies adopted are set out below:

**2.1 FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are initially recognised in the functional currency by applying to the foreign currency amount the spot exchange rates between the functional currency and the foreign currency at the date of the transactions.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.



Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

## **2.2 FINANCIAL ASSETS**

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

### **i) *Financial Assets At Fair Value Through Profit Or Loss***

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

### **ii) *Financial Assets That Are Debt Instruments Measured At Amortised Cost***

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

**iii) Financial Assets That Are Equity Instruments Measured At Cost Less Impairment**

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

**iv) Impairment Of Financial Assets**

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

**v) *Derecognition Of Financial Assets***

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

**2.3 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances.

**2.4 LIABILITIES AND EQUITY**

**i) *Classification Of Liabilities And Equity***

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

**ii) *Equity Instruments***

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

## 2.5 PROVISIONS

A provision is recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties are taken into account in reaching the best estimate of a provision. When the effect of the time value of money is material, the amount recognised in respect of the provision is the present value of the expenditure expected to be required to settle the obligation.

## 2.6 SALES AND SERVICE TAX

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

## 2.7 FINANCIAL LIABILITIES

Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

### ***i) Financial Liabilities Measured At Fair Value Through Profit Or Loss***

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

**ii) Financial Liabilities Measured At Amortised Cost**

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

**iii) Loan Commitments Measured At Cost Less Impairment**

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

**iv) Derecognition Of Financial Liabilities**

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

**2.8 REVENUE**

**i) Rendering Of Services**

Revenue from rendering of services is recognised after the services are rendered.

**ii) Sales Of Goods**

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

**iii) Interest income**

Interest income is recognised using the effective interest method, and accrued on a time basis.

## **2.9 EMPLOYMENT BENEFITS**

### ***i) Short-Term Employment Benefits***

Short-term employment benefits, such as wages, salaries and other benefits are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences, are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company has no realistic alternative but to make the payments.

### ***ii) Defined Contribution Plan***

Contributions payables to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Company.

### ***iii) Termination Benefits***

Termination benefits are recognised when the Company is demonstrably committed to terminate the employment of the employees before the normal retirement date or provide termination benefits as a result of an offer made for voluntary redundancy.

Termination benefits in relation to the offer made for voluntary redundancy is measured based on the number of employees expected to accept the offer.

## **2.10 INCOME TAX**

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carryforward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

### **3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

#### **3.1 KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, other than those disclosed in the Notes, are as follows:

##### ***i) Measurement of a Provision***

The Company uses a “best estimate” as the basis for measuring a provision. Management evaluates the estimates based on the Company’s historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers, a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate, a referenced contractor’s price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

##### ***ii) Loss Allowances of Financial Assets***

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company’s past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company’s financial position and results.

##### ***iii) Measurement of Income Taxes***

Judgement is required in determining the Company’s provision for current and deferred taxes because the ultimate tax liability of the Company as a whole is uncertain. When the final outcome of the tax payable is determined by the Inland Revenue Board Malaysia, the amounts might be different from the initial estimate of the tax payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over-or under-provision of current and deferred taxes in the current period in which those differences arise.



#### 4 DEFERRED TAX ASSETS

The following are the movements of deferred tax assets and liabilities (before offsetting):

	Other assets RM	Total RM
<b><u>Deferred Tax Assets</u></b>		
At 1 April 2018	134	134
Charge to profit or loss	(33)	(33)
At 1 April 2019	101	101
Charge to profit or loss	1,437	1,437
At 31 March 2020	1,538	1,538

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax relate to income taxes levied by the same taxation authority on the same taxable entity. The amounts of deferred tax assets, after appropriate offsetting, are included in the statement of financial position, as follows:

	2020 RM	2019 RM
Deferred tax assets	1,538	101

#### 5 TRADE RECEIVABLES

	2020 RM	2019 RM
Amount due from related companies	1,437,229	959,997
Less: Bad debts written off	(946)	-
	1,436,283	959,997
Trade customers	723,169	675,839
Less: Allowance for doubtful debts	(172,190)	-
	550,979	675,839
Retention sum	675,550	664,942
	2,662,812	2,300,778

The amount due from related companies are interest free, unsecured and repayable on demand. The normal credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

## 5 TRADE RECEIVABLES (CONT'D)

The amount due from related companies are as follows:

	< -----2020 ----- >		< -----2019 ----- >	
	Functional currency USD	Reporting currency RM	Functional currency USD	Reporting currency RM
CG Power and Industrial Solutions Limited	333,126	1,436,283	234,718	959,051
CG Power Systems Belgium NV	-	-	-	946
	<u>333,126</u>	<u>1,436,283</u>	<u>234,718</u>	<u>959,997</u>

## 6 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2020 RM	2019 RM
Amount due from a related company	1,376,944	-
Deposits	13,100	13,100
GST receivables	94,049	94,049
Other receivables	1,292	4,000
Prepayment	27,658	1,240
	<u>1,513,043</u>	<u>112,389</u>

Amount due from a related company represents unsecured interest-bearing advances which is repayable on demand. The effective interest rate was at London Interbank Offered Rate (LIBOR) plus spread of 3.25% per annum.

The amount due from related companies are as follows:

	< -----2020 ----- >		< -----2019 ----- >	
	Functional currency USD	Reporting currency RM	Functional currency USD	Reporting currency RM
PT CG Power Systems Indonesia	<u>319,416</u>	<u>1,376,944</u>	<u>-</u>	<u>-</u>

## 7 CASH AND BANK BALANCES

	2020 RM	2019 RM
Cash at bank	553,266	2,802,837
Cash in hand	2	2
	<u>553,268</u>	<u>2,802,839</u>

## 8 SHARE CAPITAL

	Number of shares			
	2020	2019	2020	2019
	Units	Units	RM	RM
<b>Issued and fully paid ordinary shares</b>				
At beginning and end of the financial year	<u>203,977</u>	<u>203,977</u>	<u>203,977</u>	<u>203,977</u>

## 9 RETAINED EARNINGS

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

## 10 TRADE PAYABLES

	2020	2019
	RM	RM
Retention sum	574,218	515,525
Amount due to related companies	281,505	281,391
Trade payables	<u>230,963</u>	<u>244,496</u>
	<u>1,086,686</u>	<u>1,041,412</u>

The normal trade credit terms granted to the Company range from 30 to 90 days. The amount due to related companies are as follows:

	< -----2020----- >		< -----2019----- >	
	Functional currency USD	Reporting currency RM	Functional currency USD	Reporting currency RM
CG Power and Industrial Solutions Limited	864	3,729	864	3,615
CG Electric Systems Hungary Zrt.	-	277,776	-	277,776
	<u>864</u>	<u>281,505</u>	<u>864</u>	<u>281,391</u>

## 11 OTHER PAYABLES AND ACCRUALS

	2020	2019
	RM	RM
Other payables	209,906	29,830
Accruals	<u>19,363</u>	<u>28,500</u>
	<u>229,269</u>	<u>58,330</u>

## 12 REVENUE

Revenue represents invoice valued from agency commission, service, maintenance and supply of electrical and electronic products and systems.

## 13 (LOSS)/PROFIT BEFORE TAX

### 13.1 DISCLOSURE ITEMS

	2020 RM	2019 RM
This is stated after charging:		
Auditors' remuneration		
- Current year	9,010	11,500
- Under provision in respect of prior year	741	-
Allowance for doubtful debts	172,190	-
Bad debt written off	946	-
Director's bonus	90,402	48,969
Director's remuneration		
- Salaries	477,913	444,657
- Allowances	183,086	164,025
- Socso	593	148
- Staff welfare	185,521	79,869
Professional fee paid to a company in which certain directors are full time employees of that company	16,418	18,652
Realised loss on foreign exchange	44,908	15,218
Rental of computer	6,820	620
Rental of crane	550	-
Rental of motor vehicles	23,660	32,845
Rental of photocopy machine	4,231	3,498
Rental of premises	37,950	41,400
And crediting:		
Interest income	64,911	-
Reimbursement of expenses	-	56,000
Unrealised gain on foreign exchange	139,178	-
Write back of payables no longer required	-	206,113

### 13.2 KEY MANAGEMENT PERSONNEL COMPENSATION

	2020 RM	2019 RM
Total key management personnel compensation	937,515	737,668

## 14 INCOME TAX EXPENSE

	2020 RM	2019 RM
<b>Income tax expense</b>		
Current year	41,554	610,792
Under provision in respect of prior years	9,952	447
	51,506	611,239
<b>Deferred tax expense</b>		
Current year	769	33
Over provision in respect of prior years	(2,206)	-
	(1,437)	33
	50,069	611,272

The income tax expense is reconciled to the accounting (loss)/profit at the applicable tax rate as follows:

	2020 RM	2019 RM
(Loss)/profit before tax	(297,040)	2,481,377
Tax at Malaysian statutory tax rate of 24%	(71,290)	595,530
Tax effects of:		
Non-deductible expenses	147,016	15,295
Non-taxable income	(33,403)	-
Under provision in respect of prior years	7,746	447
Total income tax expense	50,069	611,272

## 15 RELATED PARTY DISCLOSURES

### 15.1 IDENTITIES OF RELATED PARTIES

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

### 15.2 In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

The related party and its relationship with the Company are as follows:

Related party	Relationship
CG Power and Industrial Solutions Limited	Related company
CG Electric Systems Hungary Zrt	Related company
PT CG Power Systems Indonesia	Related company

## 15 RELATED PARTY DISCLOSURES (CONT'D)

15.3 The significant related party transactions are as follows:

	< ----- 2020 ----- >	
	Functional currency USD	Reporting currency RM
<b>Sales to related company</b>		
CG Power and Industrial Solutions Limited	<u>443,567</u>	<u>1,748,005</u>
<b>Interest income from related company</b>		
PT CG Power Systems Indonesia	<u>14,896</u>	<u>64,910</u>
	< ----- 2019 ----- >	
	Functional currency USD	Reporting currency RM
<b>Sales to related company (net of GST)</b>		
CG Power and Industrial Solutions Limited	<u>859,142</u>	<u>3,482,924</u>
<b>Purchases from related companies</b>		
CG Power and Industrial Solutions Limited	3,714	15,016
CG Electric Systems Hungary Zrt	-	39,919
	<u>3,714</u>	<u>54,935</u>

## 16 OPERATING LEASE COMMITMENTS

The total minimum lease payments under non-cancellable operating leases of the Company for the leasing of certain of the office premises, is as follows:

	2020 RM	2019 RM
Within one year	65,060	27,110
Between two to five years	<u>23,167</u>	<u>43,377</u>
	<u>88,227</u>	<u>70,487</u>

## 17 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on 15 June 2020.

**CG SALES NETWORK MALAYSIA SDN. BHD.**

*(Formerly known as Crompton Greaves Sales Network Malaysia Sdn. Bhd.)*

*(Incorporated in Malaysia)*

**DETAILED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

	<b>2020 RM</b>	<b>2019 RM</b>
Revenue	5,356,329	10,382,684
<b>LESS: COST OF SALES</b>		
Purchases	<u>2,924,655</u>	<u>5,727,999</u>
<b>GROSS PROFIT</b>	2,431,674	4,654,685
<b>ADD: OTHER OPERATING INCOME</b>		
Interest income	64,911	-
Reimbursement of expenses	-	56,000
Unrealised gain on foreign exchange	139,178	-
Write back of payables no longer required	-	206,113
	<u>204,089</u>	<u>262,113</u>
	2,635,763	4,916,798
<b>LESS: OPERATING EXPENSES</b>	2,932,803	2,435,421
<b>(LOSS)/PROFIT BEFORE TAX</b>	<u>(297,040)</u>	<u>2,481,377</u>

*This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.*

**CG SALES NETWORK MALAYSIA SDN. BHD.**

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**OPERATING EXPENSES**

**FOR THE YEAR ENDED 31 MARCH 2020**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>ADMINISTRATION EXPENSES</b>		
Accounting fee	65,520	57,353
Advertisement	187,719	4,516
Allowance for doubtful debts	172,190	-
Auditors' remuneration		
- Current year	9,010	11,500
- Under provision in respect of prior year	741	-
Bad debts written off	946	-
Bank charges	386	876
Director's bonus	90,402	48,969
Director's remuneration		
- Salaries	477,913	444,657
- Allowances	183,086	164,025
- Staff welfare	185,521	79,869
- Socso	593	148
Documentation fee	-	200
E.P.F. contributions	45,207	46,462
Electricity and water	3,099	3,120
Entertainment	23,047	54,990
Insurance	41,355	33,258
License fee	275	10
Medical fees	35,734	30,772
Penalty	7,311	-
Petrol, toll and parking	86,748	123,419
Postage and courier	1,630	1,479
Printing and stationery	4,095	6,747
Professional fee	-	3,530
Realised loss on foreign exchange	44,908	15,218
Recruitment expenses	-	8,968
Rental of computer	6,820	620
Rental of crane	550	-
Rental of motor vehicles	23,660	32,845
Rental of photocopy machine	4,231	3,498
Rental of premises	37,950	41,400
Salaries, allowances and bonus	811,825	781,207
Secretarial, filing and other related fee	16,418	18,652
SOCSSO contributions	3,970	4,393
Sponsorship and contribution	-	14,000
Staff training	-	3,900
Staff welfare	21,620	31,523
Stamp duty	352	170
Subscription	343	685
Balance carried forward	2,595,175	2,072,979

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**OPERATING EXPENSES**

**FOR THE YEAR ENDED 31 MARCH 2020**

	<b>2020 RM</b>	<b>2019 RM</b>
<b>ADMINISTRATION EXPENSES</b>		
Balance brought forward	2,595,175	2,072,979
Tax agent fee		
- Current year	7,700	6,200
- Under provision in respect of prior year	584	-
Telephone charges	22,433	22,967
Tender fee	-	500
Testing fee	621	3,871
Travelling expenses	237,190	238,410
Upkeep of buildings	15,980	12,000
Upkeep of software	-	15,511
Upkeep of office	-	2,265
Upkeep of office equipment	6,624	24,202
Visa	8,796	4,116
Wages	37,700	32,400
	<u>2,932,803</u>	<u>2,435,421</u>